


Do All Love the Economic Good Times?



The good times continue to roll in Utah. Employment growth is above 4 percent, ranking Utah within the top five states nationally for employment growth. In addition, unemployment is low and trending downward. With an unemployment rate in the mid 3-percent range, it is safe to say that Utah's labor force is fully employed, and therefore the economy is operating at or near full capacity.

One assumes that if ever there were a time when everyone would be happy about the economy's performance, it would be now. But, that's not the case. Some within the business community have mixed feelings. Oh, sales stand to be good, but the low availability of labor troubles some employers — those who need a skilled labor pool but whose cost margins are narrow due to the nature of their product and intense competition. These factors force them to operate in the lower-wage arena. These are the businesses that may be singing the blues right now. The current robust job market entices their skilled labor pool to look elsewhere in order to move up the wage ladder.

As for the rest of the economic players, Utah's current environment bodes well. Workers should be the happiest group. Employment opportunities are numerous, and a high labor need should continue for the next several quarters. In addition, the tight labor market is translating into rising wages throughout the entire occupational spectrum.

Most businesses ought to feel good in this environment. The overall economic energy should produce adequate sales and a profitable environment, even with rising wages. Profit gains have been exceptional for many businesses over the past two years. The Bureau of Economic Analysis reports that businesses after-tax profit share of national income approached 9 percent in 2005, one of the highest of all time. When unemployment was higher, businesses were able to keep most of those gains. But with the labor market tightening, more of the profit gains should find their way into higher employee wage growth. Still, with continued high profit margins, there are still plenty of gains to keep the business community happy. 

Utah Seasonally Adjusted Unemployment Rate

Year-Over Percent Change in Non-Farm Jobs



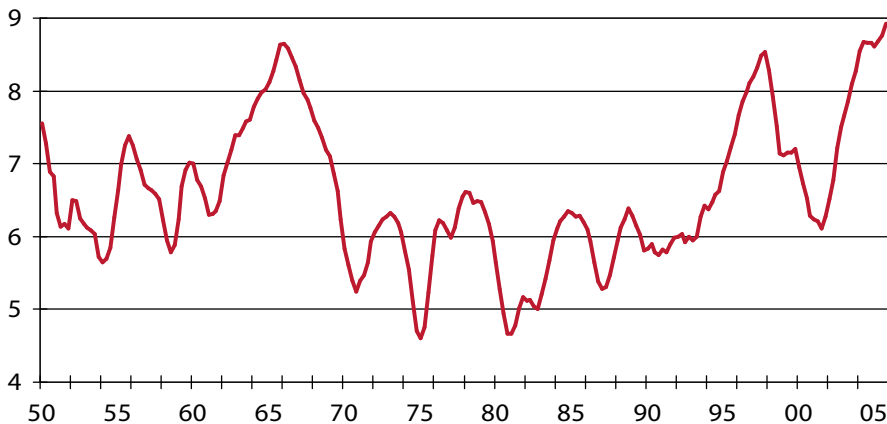
Source: Utah Department of Workforce Services

highlights

- The average price of a home sold by a realtor in Utah climbed to \$243,200 in this year's first quarter, up 17 percent from \$207,242 in the first quarter of 2005. <http://deseretnews.com/dn/view/0,1249,635209839,00.html>
- The technology industry is smaller in Utah than in other tech-based Western states, but the rate of company growth put it in first place in 2004. http://www.sltrib.com/business/ci_3808258
- For the first time ever, Utah ski areas topped four million skier days in the 2005-06 season, breaking the previous season's record skier days by 3.8 percent. <http://deseretnews.com/dn/view/0,1249,635208021,00.html>

The Economy Has Been Friendly to Businesses...

After-tax profit share of national income, 4 qtr. MA



Source: Bureau of Economic Analysis
MA = moving average

More? go to: <http://jobs.utah.gov/wi/press/tlextracurrent.asp>